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Head Office
Box 248 - Terminal A
TORONTO - ONTARIO

CANADA
MALTING CO.
LIMITED



REPORT TO
SHAREHOLDERS

Malthouses and Elevators

Montreal, Que. Winnipeg, Man.
Toronto, Ont. Calgary, Alta.
Thunder Bay, Ont.

For the Six Months
ended June 30, 1976

CANADA MALTING CO. LIMITED

TO OUR SHAREHOLDERS:

For the six month period ended June 30, 1976, consolidated earnings per common share, before an extraordinary item, were \$1.15 compared with \$1.36 a year ago. The sale of our holdings in Hugh Baird & Sons Ltd., which was previously reported, resulted in an estimated gain after taxes of \$691,152, equivalent to 80¢ per common share, making total earnings for the period \$1.95.

Malt shipments were down approximately 10% from a year ago, reflecting lower export sales due to competition from European maltsters who were able to obtain substantial subsidies on exports to third countries under the E.E.C. agricultural policy. This policy has since been modified and we are hopeful that there will be an improvement in our exports during 1977.

Earnings of our subsidiary, Leaver Mushroom Co. Limited, continue to show improvement. In 1977 the lease on a portion of their property in Mississauga expires and, in order to replace the production that will be lost, construction has commenced on additional growing rooms at Campbellville at an estimated cost of 1.2 million dollars.

With regard to the expropriation of our Toronto, Bathurst Street, property by the Federal Government in 1973, a settlement was reached on July 16, 1976, involving compensation of \$9,252,282 plus interest of \$538,962. Of this amount, \$5,405,000 was received as an interim payment in 1973. Included in the settlement is a twelve year lease-back of the premises commencing November 1, 1975. Of the amount owing to the Company, \$2,504,130 has been applied as prepaid rent and \$1,882,114 received in cash. These figures were not recorded during the period under review, but will be included in the nine month statement.

On behalf of the Board,

Harry F. Graesser,
President.

TORONTO, ONT.
August 4, 1976

Consolidated Earnings for the Six Months ended June 30 (unaudited)

	1976	1975
Net Sales	\$55,984,519	\$60,017,083
Costs and expenses:		
Cost of products sold and all expenses except items shown below:	51,701,970	55,476,268
Interest on long term debt	32,000	36,000
Bank and other interest	1,616,129	1,561,502
Provision for depreciation	1,036,820	1,020,626
Provision for income taxes	754,600	907,100
	<u>55,141,519</u>	<u>59,001,496</u>
Earnings from operations	843,000	1,015,587
Investment income	—	20,653
Interest income on expropriation compensation	149,481	140,000
Earnings before minority interest and extraordinary item	992,481	1,176,240
Minority interest	—	5,210
Earnings before extraordinary item	992,481	1,171,030
Gain on sale of investment in Hugh Baird & Sons Limited, less estimated income taxes of \$150,000	691,152	—
Net earnings for the period	<u>\$ 1,683,633</u>	<u>\$ 1,171,030</u>
Earnings per share		
Before extraordinary item	\$1.15	\$1.36
Extraordinary item	.80	—
	<u>\$1.95</u>	<u>\$1.36</u>

Consolidated Statement of Changes in Financial Position for the Six Months ended June 30

	1976	1975
Source of working capital:		
Earnings before extraordinary item	\$ 992,481	\$ 1,171,030
Non-cash charges deducted in arriving at earnings —		
Provision for depreciation	1,036,820	1,020,626
Deferred income taxes	(46,000)	68,000
Minority interest	—	5,210
Funds provided from operations	1,983,301	2,264,866
Shares issued under Employees' stock option plan	—	5,793
Proceeds on sale of investment in Hugh Baird & Sons Limited, less estimated income taxes	3,190,636	—
	<u>5,173,937</u>	<u>2,270,659</u>
Use of working capital:		
Additions to fixed assets	170,033	639,323
Dividends on common shares	593,215	594,378
Tax paid on undistributed income	11,894	10,403
First mortgage debentures payable within one year	—	100,000
	<u>775,142</u>	<u>1,344,104</u>
Resulting in an increase in working capital of	4,398,795	926,555
Working capital at January 1	15,722,752	14,451,686
Working capital at June 30	<u>\$20,121,547</u>	<u>\$15,378,241</u>